Resource Attraction and Marketing by Associations

Ian W. Bruce (UK), Mikko Laamanen (Finland), Robert Ashcraft (USA), Marian Min CHEN (China), Irina Mersianova (Russian Federation), Hanna Nel (South Africa), and David H. Smith (USA)

A. Introduction

Resources for a nonprofit are understood to mean money, people, plant, technology, and brand/reputation. Unless otherwise stated, nonprofits are here taken to include the full range from volunteer-run/volunteer-led, small grassroots associations through to very large, paid-staff-dominated nonprofit agencies (cf. Smith 2015a, 2015b). Handbook Chapters 38, 40–44, and 46–50 consider major input and process issues of membership associations operating in the nonprofit sector, with some attention also to volunteer service programs as departments of larger, parent organizations (cf. Handbook Chapters 15 and 16). All are challenging, but resource attraction and maintenance are particularly crucial issues, given the intense competition for resources among associations, as for all nonprofits. This chapter looks at resource attraction through a marketing theory lens. The resources of nonprofits are finance, people (paid, partially paid, and voluntary/unpaid), physicals (buildings, plant, etc.), and reputation/brand. For most nonprofits, the first three resources are in short supply, and the last one is ambiguous in its meaning to different stakeholders and is costly and time consuming to manage.

B. Definitions

This chapter accepts the general definitions of terms in the Handbook Appendix. Key special terms for this chapter include the following:

beneficiary: Person, group, or organization that receives the benefit of some product (good or service) of an MA (membership association) or other NPO (nonprofit organization).

brand: “Name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers.” (American Marketing Association, 2015).
customer: “Depending on the firm’s business, a customer might be defined as an individual, household, screen-name, division, or business who bought, ordered, or registered” (American Marketing Association, 2015). For MAs and other nonprofit organizations (NPOs), customers are usually termed to be recipients, not customers.

dues (membership dues): Obligatory annual payments by formal or official members of an association.

gifts-in-kind: An object of value that is given to an individual, group, or organization, sometimes as part of a marketing effort or campaign.

good(s): In economics and marketing, an object of value (as contrasted with a service of value) produced, provided, or sold by an individual, group, or organization.

marketization: (1) Long-term process of the nonprofit sector, including nonprofit agencies, of becoming more commercialized and thus focused mainly on income and the marketing of products; (2) Development and implementation of a strategy for marketing some product (good and/or service).

product(s): Goods and/or services produced, provided, or sold by an individual, group, or organization.

relationship marketing: “Marketing with the conscious aim to develop and manage long-term and/or trusting relationships with customers, distributors, suppliers, or other parties in the marketing environment” (American Marketing Association, 2015).

reputation: Positive, neutral, or negative image and feelings of people toward an individual, group, or organization and its products (goods and/or services). Preferred term in this chapter as an approximate synonym for brand.

resource(s): Finance (assets, income), people (paid, partially paid, and volunteer/unpaid), physicals (buildings, plant, equipment, etc.) and reputation/brand.

service(s): “Services, as a term, is used to describe activities [of value] performed by sellers and others that accompany the sale of a product and aid in its exchange or its utilization” (American Marketing Association, 2015).

stakeholder: “One of a group of publics with which a company [or nonprofit organization] must be concerned. Key stakeholders include consumers, employees, stockholders, suppliers, and others who have some relationship with the organization” (American Marketing Association, 2015).

C. Historical background and theory

Resource attraction became an issue in history the moment people started cooperating in groups outside the nuclear family – in other words, long before commercial models of activity were even envisioned. For example, recruiting another family group which had a good hunter, or that had children
coming into adulthood, would be considered an advantageous addition to the group. In this way, the flows of material, and also of immaterial, resources in preliterate, hunting-gathering and later horticultural societies instituted and sustained social relations (e.g., Nolan and Lenski 2006; Sahlins 1972). Later ancient agrarian, authoritarian, and stable societies provided powerful authority structures and behavioral norms that made resource attraction easier to effect than in contemporary societies with more liberated nuclear families, with self-reliance considered an attribute over dependency on others.

In late modern and contemporary societies, nonprofits have had to spend increasing amounts of time, money, and expertise on resource attraction. This coincides with the dominant paradigm in nonprofit resource development in most developed societies being marketing (Kotler and Levy 1969; subsequently, among others, Bruce 1994; Lovelock and Weinberg 1984; Rados 1981; Rees 1998; Sargeant 1995). However, the institutionalized position of the marketing paradigm may vary. For instance, in countries using the social economy paradigm, the marketing model is modified (e.g., Larivet 2010) and in developing countries it may be rejected altogether (e.g., Wilkinson-Maposa et al. 2005). Within marketing, the dominant paradigm has been product/transaction marketing, where products are a mixture of goods, services, and ideas (cf. the development of the definition of marketing by the American Marketing Association; also Andreasen and Kotler 2007; Bruce 1994; Shostack 1977; Vargo and Lusch 2004). A different stream of marketing thinking highly relevant to nonprofit resource attraction is relationship marketing (RM).

Relationship maintenance is a key factor in managing organizational resources (Gummesson 2002), and especially so for nonprofits (Macedo and Pinho 2006). Relationship building is the organizational task of relating to the various actors in the operational environment. This work is in the literature discussed under various names, such as, market/marketing orientation and social/societal orientation (among others Gainer and Padanyi 2005; Laczniaik and Murphy 2012; Liao, Foreman, and Sargeant 2001; Lusch and Webster 2011; Petkus 2000). Market/marketing orientation concentrates on the needs of customers, whereas social/societal orientation considers the impact of marketing and other organizational behaviors in a wider networked framework consisting of various stakeholders.

Whether the goals of nonprofits are altruistic or related to the particular constituency of members, followers, or customers, the most fundamental aim of nonprofit activity is to create value for involved actors while managing various conflicting stakeholder interests (e.g., Ingenbleek and Immink 2010; Laamanen and Skålén 2014; Macedo and Pinho 2006; Petkus 2000; Warnaby and Finney 2005; for a general discussion on customer value, see Grönroos 2011; and Vargo and Lusch 2004). Value creation literature in marketing considers the main organizational objectives of such activity in the co-creation of assets and long-term resources, such as knowledge and skills, together with the users (e.g.,
Vargo and Lusch 2004). While most of this literature concentrates on immediate interactions between providers and their customers, a larger societal outlook moves away from concentrating on single actors, such as donors, beneficiaries, or end users (e.g., Pope, Isely, and Asamoah-Tutu 2009), and marketing management in tactical terms (e.g., Akchin 2001; Brennan and Brady 1999; Dolnicar and Lazarevski 2009). Accordingly, understanding the relevance of the nonprofit organization’s offering and its activities in relations with its stakeholders is essential for organizational longevity, meeting stakeholder needs, and securing organizational resources. Relevance further links to relational commitment and trust (MacMillan et al. 2005).

At the heart of the relational approach, as opposed to the product/transaction approach, is generating an understanding of the constituencies, especially the customers. A further way to approach this is through Appreciative Inquiry (AI) theory, which was developed in the 1980s by David Cooperrider and colleagues at Case Western Reserve University (e.g., Cooperrider and Whitney 2005). A simple understanding of AI is that, as a theory and application, it builds on people’s strengths (or assets) and encourages them to co-construct and deliver actions that will satisfy their dreams (Kretzmann and McKnight 1993). AI attempts to strengthen community members’ coping skills, bolster their potential, and negate the difficulties they experience (Lewis, Passmore, and Cantore 2008; Mathie and Cunningham 2008).

We argue that with regards to securing and maintaining resources nonprofits need to consider both offerings as outputs as well as relationships, especially those that provide resources. Considering the various approaches to marketing, we can conceive that they represent various points of view: firstly, what the organization can produce (offering), the stakeholder networks it is embedded in (relationship), and how to match organizational and beneficiary capacities (AI). In the following section, we discuss the key issues for resource attraction in both theoretical and practical terms, as well as point to future research topics.

D. Key issues

1. Resource challenges for small versus large nonprofit organizations

Fund-raising for money and goods in kind is widespread by nonprofits, including associations, throughout the world: For example, in Nigeria, Russia, the People’s Republic of China, the Middle East, and South America (Mersianova and Yakobson 2010; Salamon et al. 1999; Wang and Liu 2007). In developed resource-attracting markets such as the United States and the United Kingdom, attracting financial resources is dominated by the relatively few larger organizations with strong brands that are widely known and trusted (e.g., as listed in the annual edition of the UK Civil Society Almanac – Clark et al. 2012). This is also likely to be the case in the formerly mentioned countries such as Nigeria, South Africa, and South America. The vastly larger number of small nonprofits
attracts only a tiny fraction of the financial resources and appears to be unable to compete with the few well-known and well-off, well-branded nonprofits.

However, small nonprofits attract a category of resource in a market where the large nonprofits are proportionately less strong, arguably with the United States as an exception — volunteers. Even where a large nonprofit uses a high number of volunteers, the value of their contribution in comparison to the total resource of the large nonprofit is often a smaller proportion than in a typical small nonprofit (Bruce 2011; Jas et al. 2002). For example, in the United Kingdom, valued at the minimum wage, volunteer hours attracted by small nonprofits move toward rebalancing the resource distribution from large to small nonprofits (Bruce 2011; Jas et al. 2002). Volunteer human resources do not apply only to developed countries. In a seminal study across several southern African countries, Wilkinson-Maposa (2005) and her coauthors show that the systemic contribution of relations of help among and between poor people is a powerful contributor to community well-being. This further illustrates the power of co-creation highlighting the collective philanthropy of community as opposed to “doing” philanthropy for or to a community.

How should large and small nonprofits respond to these positionings in the two resource markets: money and volunteers? Common sense suggests that large and small organizations should address their weaknesses. However, marketers would encourage organizations to build on their strengths. A 5% expansion where one has a large market share has much more impact than a 5% expansion of a small market share.

2. How do nonprofit managers/leaders formulate resource-attracting offerings that are true to beneficiary needs and the philosophy of the organization, but that are attractive to the resource providers (e.g., donors/potential donors, volunteers/potential volunteers, staff/potential staff, state contractors)?

The marketing mix of product, price, promotion, and place (Borden 1964), including, in its extended form, people, physical evidence, process (Booms and Bitner 1981), and philosophy (Bruce 1994), can guide associations and nonprofit agencies in the development of successful resource-attracting offerings. Nonprofits’ offering is a mixture of goods, services, and ideas with resource-attracting products being strongly idea dominated (Bruce 1994; Fine 1981; Kotler and Levy 1969; Shostack 1977). Indeed, it can be argued that the successful fund-raiser takes the service-dominated product aimed at the beneficiary and translates it into an idea-dominated product aimed at the donor featuring those real beneficiary benefits which are most likely to appeal to the donor or resource provider (Bruce 1998). Due to the commercial roots of marketing management, most theory accepts the assumption that the purchaser and the user/consumer are the same individual, or at least in close proximity, such as
in a household. However, what makes nonprofit marketing particularly challenging is the divergence and distance of the users/consumers/beneficiaries, who often do not pay for the goods and services rendered on their behalf, and the purchasers/resource providers, who as different individuals from a different social positions may well have different needs and wishes than those individuals whom the nonprofit serves.

3. How does building and maintaining relevance to cause/ mission relate to resources?

Small nonprofits, as discussed here, especially local (grassroots) associations, are often groups with limited financial and physical resources at their disposal. Hence, it becomes essential to generate access to and maintain the supply of such resources. This entails maintaining a reputation and a scale of activity that enables relationship building over a network of relationships. Through vertical and horizontal networking, nonprofits may secure resources from a variety of sources (Cravens and Piercy 1994). Such nonprofits are created and maintained through relevance to the various supporters (e.g., members, donors, individual purchasers, volunteers) and stakeholders (e.g., staff, board members, powerful donors), who provide resources either directly or indirectly.

In this context, branding provides a strong tool for generating emotional connections to the providers of essential resources. Helming and Scholz (2010) show the nonprofit brand value chain. Hankinson (2002) shows that high brand-oriented fund-raising managers attract significantly more voluntary income than low brand-oriented ones. Metz, He, and Vargo (2009) define the concurrent era of brands founded in dynamic social processes where various stakeholders in interaction have agency in the cocreation of a brand. Given their agency and involvement, the meaning of a brand becomes embedded in the minds of the customers and wider groups of stakeholders (cf. Ballantyne and Aitken, 2007). It is however to be kept in mind that branding is a means to an end. Keeping true to the RM paradigm, it can be questioned whether a supporter or a stakeholder can have a meaningful relationship with a nonprofit brand (O’Malley, Patterson, and Kelly-Holmes, 2008). For resource attraction and maintenance purposes, personal interaction becomes important and sustained interpersonal proximity works for nonprofits. Ideally, brand co-creation generates value to the individuals as well as communities of stakeholders, for instance in the form of cultural or social capital through the generation of interaction, commitment, and trust.

4. What activities and processes are required to manage relationships that supply resources?

Contemporary marketing theory would suggest that the key aspect of success in any market is related to the ability to build relationships for co-creation with the decisive audience. This approach has been taken up to some extent in the
nonprofit world (Bruce 2011; Burnett 1996; Knox and Gruar 2007; Palmer, Wise and Penney 1999, Sargeant and Lee 2004; Wymer, Knowles, and Gomes 2006). As seen above, relevance of the nonprofit, its brand, and, most importantly, its activities are the dimensions that impact availability of resources and the sustainability of those relationships that provide them. Ultimately, conceiving the operations of a nonprofit in terms of co-creation signifies a departure from the idea that a producer has the ability to manage image, production, offering, and consumption (cf. Grönroos 2008; Vargo and Lusch 2004).

Co-creation is fundamentally the idea of producers, consumers (in nonprofits, beneficiaries), and increasingly other stakeholders sharing the value creation processes that in effect provide benefits for the parties involved (e.g., Grönroos 2011). Operations of nonprofits are thus conceived as coproduction and co-consumption with their various stakeholders. In co-creation, the line between the relational roles of the producer, the customer, and other actors becomes ontologically blurred (Normann 2001). As a result, resources are pooled and shared in the creation, production, and consumption of an offering. This approach and enactment can be called collaborative marketing, which is a development of the relational perspective to marketing (e.g., Cova and Cova 2012). It calls into question the functionalist perspective of the bulk of nonprofit marketing (cf. Akchin 2001; Brennan and Brady 1999; Dolnicar and Lazarevski 2009), which treats particularly the customers as passive recipients of a predetermined and producer-generated value and producers endowed with the required resources.

5. How to build on beneficiaries’ resource capacity?
Appreciative Inquiry, as one of the modalities available to engage all stakeholders in decision making for nonprofits, has influenced nonprofit marketing on this issue. At first sight, the two approaches have similarities: they focus on people’s views, they cluster people into segments, they regard people’s wishes as key guides to action, and they see people as co-constructors of the actions which arise. However, they are different in that marketing starts from people’s needs (AI from their strengths), often from an implicit assumption of need/dependency (AI from competence/independence), from an exogenous approach (AI from an endogenous one), from largely top down (AI from bottom up), and from people as recipients (AI as collaborators or partners) (Bruce and Nel 2010; Kretzmann and McKnight 1993; Mathie and Cunningham 2008; Schenck, Nel, and Louw 2010). So, adopting an AI orientation in nonprofit marketing embraces the strengths of beneficiaries as a resource.

6. How to build internal capabilities toward relationship building and resource attraction?
As seen above, an orientation toward the customers/beneficiaries, supporters, stakeholders, and market is replacing the traditional product orientation.
Becoming market oriented requires change: organizational culture and values guide behavior and performance. Ultimately, the employee and/or volunteer staffs’ attitudes and activities work to promote or obstruct market orientation (Gainer and Padanyi 2005). Managing attitudes is a matter of internal marketing whereby attending to employees and/or volunteers as customers aims to permeate the organization to achieve its goals. The employees and/or volunteers are the first market engaged with as partners to ensure combining internal efforts and processes with external efficiency (Grönroos 2007).

According to Grönroos (2007), internal marketing rests on a combination of service-oriented and customer-focused mindset, adequate skills, support systems, and leadership. Gainer and Padanyi (2005) further contend that inclusive leadership improves the chances of success in creating client-oriented culture. The benefits of creating customer orientation are best effected where RM “mediates the relationship between engagement in a specific set of activities and higher levels of client satisfaction with the organization, its programs and its role in the community” (Gainer and Padanyi 2005:860).

7. What are the kinds of collaborative linkages required?
The successful implementation of co-creation and community engagement allows for the creation of collaborative linkages that provide access to depositories of resources, skills, and material. Literature dealing with the complexity of collaboration, and taking it above the rhetorical level of collaboration is good, include Schiller and Almog-Bar (2013), Austin (2000), and Linden (2010). Along with the characteristics of relationship-based collaborative marketing, activities of co-creation are using resources to the benefit of others in an interactive networked context (Grönroos 2011; Lusch and Webster 2011; Vargo and Lusch 2004).

E. Usable Knowledge

1. Resource challenges of small versus large nonprofits:
Small nonprofits, particularly grassroots associations, should concentrate on recruiting/involving their community/volunteers and not seek or rely on major fundraising efforts. While larger (national) nonprofits may try and recruit large numbers of volunteers, their efforts at fund-raising are likely to be relatively more successful.

2. How do nonprofit managers formulate resource-attracting offerings which are true to beneficiary needs and the philosophy of the nonprofit but which are also attractive to the resource providers?
The co-creation of resource-attracting offerings should use the marketing mix as a checklist of attributes which need to be present – namely, product, price,
promotion, place, people, physical evidence, processes, and philosophy. The core resource-attracting product is likely to be the service-dominated product aimed at the beneficiary which should be translated into an idea/product aimed at the resource provider – featuring those benefits to the beneficiary which are most likely to appeal to the donor or other resource provider.

3. How does building and maintaining relevance to cause/mission relate to resources?
Nonprofits draw on causes as their raison d'être. A cause gives a nonprofit agency but in reality is often regarded by the nonprofit as ancillary to ways of operating. While it is important that audiences, supporters, and stakeholders recognize causes, the true test is whether these groups appreciate and resonate with the image and activities of the particular nonprofit. Branding provides a means of encapsulating an image and point(s) of identification for the different target groups and so actually (or potentially) provides a resource for the nonprofit.

4. What activities and processes are required to manage relationships that supply resources?
Nonprofits should aim to integrate their beneficiaries, supporters, and stakeholders to the cause by developing possibilities for co-creating activities and offerings. The marketing mix is a secondary tool, which can be used to support active participation in large and small nonprofit offerings.

5. How to build on beneficiaries' resource capacity?
Appreciative Inquiry, as a management modality that honors stakeholder perspectives, rests on the idea that in every system – individual, family, group, organization, or community – something works well. This is an assumption, which nonprofit marketers can easily adopt. It is important to focus on what works in influencing the way in which people perceive themselves. When a group (e.g., of beneficiaries) questions a long-lasting assumption and realizes that it may not be true, they understand that they have power over their own future. Other assumptions begin to be challenged, and images of the future that emerge previously seemed impossible (Ashford and Patkar 2001; Mathie and Cunningham 2008; Schenck, Nel, and Louw 2010). A key principle of Appreciative Inquiry is that it is a generative process. Every participant makes a contribution, and it is created and constantly recreated by the people who use it (Schenck, Nel, and Louw 2010; Watkins and Mohr 2001; Whitney, Trosten-Bloom, and Rader 2010).
6. How to build internal capabilities toward relationship building and resource attraction?
It is through their work that nonprofits achieve a status in the community, and their performance is evaluated by the work they do. Although resources need to be attracted, it is also essential to embrace the idea that, internally, resources need to be actively managed. Capabilities and competencies required for day-to-day operations are located within the organization. Drawing on Grönroos’ (2007) ideas on internal marketing, nonprofits should adopt a service-oriented and customer-focused mindset supported by adequate skills, support systems, and leadership.

7. What are the kinds of collaborative linkages required?
Collaborative linkages are long-term affairs that connect skills and resources. To be successful these linkages must exhibit trust. Relationship marketing can play a key role in building and maintaining trust between collaborators and other customers and stakeholders. Where resource sharing is a promising solution, there is a possible threat of negative effects of collaborative linkages. There needs to be a plan in place in case of critical incidents: for instance, what happens if a partner organization is entangled in a crisis and collaborators are affected by their tarnished image. Eight models of collaboration were identified from a repository of more than 600 examples that emerged from the first US-based National Collaboration Prize held in 2008 (AIM 2009). At least one database of practical collaborations has been created, the Lodestar Nonprofit Collaboration Database located at the US Foundation Center (http://collaboration.foundationcenter.org/search/).

F. Future trends and needed research
We expect in the future intensifying competition for scarce resources in larger associations and nonprofit agencies, and also increasing competition for members and volunteers even in local, grassroots associations (see Handbook Chapters 32, 38, and 50). As we hope to have established, a stakeholder relationship perspective is highly relevant and promising to both associations and nonprofit agencies. Nevertheless, some hurdles may still hinder a wider adaptation, the roots of which are related to paradigmatic ideals or a lack of understanding. To address these we examine the following avenues for future research.

It is interesting, given the high level of its acceptance in commercial marketing, that the relationship paradigm has not become widespread in non-commercial contexts. This raises a wider question of why nonprofit leaders are so cautious toward marketing as a relevant management tool? Bruce (1995) has
hypothesized reasons for this caution (such as demand exceeding supply, non-profit monopolistic behavior, and the practice of professional distance), but we need research to establish the number and relative depth of the negative perceptions, how real they are, and how they might be overcome.

Apart from this foundational issue, three other major issues arise that have, to our knowledge, been neglected in previous research. First, market development, which in the context of this chapter relates to access to, and quantity of, resources. For instance, how is it possible better to balance demand for resources with supply, and does a natural growth of resources take place stimulated by demand?

Second, increasing competition impacts availability and renders resources (money, people, plant, and technology) highly contested. What is missing is an understanding of what nonprofits do in order to handle the situation. What are the means available for these organizations? How do they innovate solutions?

Third, there is the hypothesized phenomenon of supporter fatigue. This phenomenon is related to flows of volunteers and financial resources that can be critically impacted by increasing competition among nonprofits (as presented above), changes in the everyday lives of supporters (e.g., work-life balance, perceptions of volunteering), and similar variables. If this phenomenon exists, how it can be addressed, ameliorated, or avoided, because it can be a critical challenge to nonprofits.

G. Cross references

Chapters 5, 6, 9, 11, 12, 15, 17–24, 38, 44, 49, and 50.

H. Bibliography


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